TENNESSEE GENERAL ASSEMBLY
FISCAL REVIEW COMMITTEE

# FISCAL NOTE

## HB 1037 - SB 963

March 7, 2015

**SUMMARY OF BILL:** Requires all proceeds from the gasoline tax collected from the sale of fuel to or by owners and operators of boats, marinas, yacht clubs, and boat docks to be deposited in the Tennessee Wildlife Resources Agency Boating Fund, to be used solely for the operation, maintenance, and improvement of public waterways and boating facilities.

## ESTIMATED FISCAL IMPACT:

**Increase State Revenue – $2,370,600/Recurring/Wildlife Resources Fund**
**Decrease State Revenue – $1,434,600/Recurring/Highway Fund**
**$24,400/Recurring/General Fund**
**$7,600/Recurring/Debt Service Fund**

**Increase State Expenditures – $94,500/One-Time/General Fund**
**$55,200/Recurring/General Fund**

**Decrease Local Revenue – $904,000/Recurring**

Assumptions:

- Based on the Department of Revenue's (DOR) analysis of taxpayers' 2013 tax returns and assuming that 90 percent of fuel sold by marinas was gasoline, the total sales of gasoline by such establishments is estimated to be $39,032,598.
- Based on data from the American Automobile association, the average price of gasoline in Tennessee in 2013 was $3.29. The total number of gallons of gasoline sold by marinas in 2013 is estimated to be 11,864,012 ($39,032,598 / $3.29).
- Pursuant to Tenn. Code Ann. § 67-3-201(a), gasoline tax is equal to $0.20 per gallon of gasoline imported into the state or refined, manufactured, produced, or compounded in the state.
- Gasoline tax collections by marinas in 2013 are estimated to be $2,372,802 (11,864,012 x $0.20 gasoline tax). For the sake of simplicity, this number is assumed to remain constant in perpetuity in this analysis.
- The proposed legislation will not impact total gasoline tax collections from the sale of gasoline to or by owners and operators of boats, marinas, yacht clubs, and boat docks. However, the allocation of that tax revenue will change.
- Under current law and based on information provided by DOR and the Department of Transportation, it is estimated that, of $2,372,802, approximately 60.46 percent ($1,434,596) would be allocated to the Highway Fund, 38.1 percent ($904,038) to the

local government, 1.028 percent ($24,392) to the General Fund, 0.321 percent ($7,617) to the Debt Service Fund, and the remaining 0.091 percent ($2,159) to the Tennessee Wildlife Resources Fund (WRF).

- These amounts represent recurring decreases in revenue for each fund (except for the WRF), as the proposed legislation will transfer the entire $2,372,802 to the Tennessee Wildlife Resources Boating Fund. The recurring increase in WRF is estimated to be $2,370,643 ($2,372,802 - $2,159).
- According to DOR, the proposed legislation will require a new informational return to be created and manual tracking, compilation, and apportionment of these collections. In order to perform these functions, DOR's Financial Control Section will require an additional position, resulting in a one-time increase in state expenditures from the General Fund of $5,300 and a recurring increase in state expenditures from the General Fund of $55,170. In addition, to perform the necessary system changes, DOR's Information Technology Resources Division will incur a one-time expenditure of $89,200, for a total one-time increase in state expenditures from the General Fund of $94,500 ($5,300 + $89,200).

## CERTIFICATION:

The information contained herein is true and correct to the best of my knowledge.

Jeffrey L. Spalding, Executive Director

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